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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER	
KYLE, CHARLES R	
ART UNIT	**PAPER NUMBER**
3624	

DATE MAILED: 06/15/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/816,905	CREAMER ET AL.	
	Examiner	Art Unit	
	Charles Kyle	3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *13 September 2004*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-24* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-24* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Examiner's Note

The finality of the prior office action is withdrawn.

Claim Rejections - 35 USC § 112

The following is a quotation of the first paragraph of 35 U.S.C. 112:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 4, 8-21 and 23 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention. Specifically, these Claims recite numeric time values for performance of various functions (24 hours, 96 hours, 1080 hours, etc.), which while desirable goals, are not enabled by the Specification. No information is provided by the Specification as to how these performance standards are reached; to perform the method using the Specification would require undue experimentation by an artisan. The Specification does not even contain the values recited.

The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claim 22 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It recites the phrase "entering an expedited loan process". Use of the word "expedited" makes the Claim indefinite.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-6, 8, 11-14 and 22-24 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See In re Musgrave, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See Diamond v. Diehr, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See State Street Bank & Trust Co. v. Signature Financial Group, Inc. 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See In re Toma, 197 USPQ (BNA) 852 (CCPA 1978). In Toma, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to Gottschalk v. Benson, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. In re Toma at 857.

In Toma, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in State Street Bank & Trust Co. v. Signature Financial Group, Inc. never addressed this prong of the test. In State Street Bank & Trust Co., the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See State Street Bank & Trust Co. at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under °101, but rather under §§102, 103 and 112." See State Street Bank & Trust Co. at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, State Street abolished the Freeman-Walter-Abele test used in Toma. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in Toma because the invention in State Street (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the Toma test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See Ex parte Bowman, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001), non-precedential but cited for its reasoning.

In the present application, Claims 1-6, 8, 11-14 and 22-24 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. The steps recited can be performed in traditional manual fashion not requiring any technological elements such as a computer. Therefore, the claims are directed towards non-statutory subject matter. To overcome this rejection the Examiner recommends that Applicant amend the claims

to better clarify which of the steps are being performed within the technological arts, such as incorporating a computer or electronic network into the various steps; for example: A method using a computer comprising the steps of: ... (a) using a computer network to access borrower loan information ... (d) using a computer to perform an evaluation of title and credit information of a borrower...

Claim Objections

Claim 24 is objected to because of the following informalities: it begins with "an" rather than "a". Appropriate correction is required.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-24 are rejected under 35 U.S.C. 103(a) as being unpatentable over US 2001/0029482 *Tealdi* in view of US 2004/0143450 *Vidali.*

With respect to Claim 1, *Tealdi* discloses the invention substantially as claimed including in a method of processing a loan (Abstract), steps of:

Partnering with a third party service provider (paras. 4, 37 and 42);

Providing loan production and closing "teams" (processor in Summary of the Invention facilitating functions of "teams" in discussion of Claims 5 and 6 discussed below);

Gathering loan information online (Title; para. 14);

Concurrent execution of tasks (Fig. 5, eles. 506, 507).

Tealdi does not specifically disclose that the teams are distinct for loan production and closing. However, the claim language does not recite a limitation of separate teams. In this sense, the processor which performs the function of these "teams" is unitary, but still reads on the Claim limitation.

Further, it would further have been obvious to one of ordinary skill in the art at the time of the invention to provide in *Tealdi* , as disclosed by *Vidali* at Fig. 1B and related text, concurrent operation of all tasks by third party service providers because this would have produced a more rapid closing of the loan. See the discussion of Claims 8 and 22 regarding such rapid processing.

Applicants' claimed invention appears to be the performance of traditional loan processing and closing as disclosed by the prior art using parallel processing of different functions within specific time periods. For the reasons set forth in the discussion of Claims 1, 8 and 22 at least, these cannot provide a patentable distinction.

As to Claim 2, *Tealdi* discloses partnering with a title company at paras. 4, 37 and 42.

With respect to Claim 3, see the discussion of Claim 5.

As to Claim 4, see the discussion of Claim 8 regarding the recited time limitations. *Tealdi* further discloses establishing a communication link to a service provider to receive loan information at para. 42.

As to Claim 5, *Tealdi* discloses appraisal service at para. 42. *Tealdi* does not specifically disclose environmental and engineering information. *Vidali* discloses these elements of loan processing at Fig. 10, "Englewood Surveying and Mapping, Boundary Line Survey"

(environmental) and "Blackwell Construction, Structural and Mechanical Inspection" (engineering). It would have been obvious to one of ordinary skill in the art at the time of the invention to include the elements of loan processing disclosed by *Vidali* in the method of *Tealdi* because this would give lenders confidence that the environment an structure of the related property were in good order.

Regarding Claim 6, *Tealdi* discloses drafting a loan document at paras. 171-172).

As to Claim 7, *Tealdi* discloses a website for borrowers and brokers at para. 87.

With respect to Claim 8, see the discussion of Claim 22, which recites a superset of the limitations of Claim 8. *Tealdi* does not specifically disclose specific time limitations for performance of functions recited by the Claim. Official Notice is taken that it was old and well known to expedite processing of loan information to close a loan. For example, a system and method for real time processing of loan information for loan approval quickly places money in the hands of a borrower and a receivables asset on the books of a lender. Time is money. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Tealdi* to rapidly process underwriting of a loan because this would allow the borrower to settle on property more quickly and allow a lender to receive interest revenues more quickly.

Regarding Claim 9, *Tealdi* discloses accessing borrower information through the Internet at para. 35.

Regarding Claims 10-12, see the discussion of Claims 1, 2 and 22. *Tealdi* further discloses credit evaluation by a production team at paras. 35-36, at least.

With respect to Claim 13, see the discussion of Claims 1 and 8.

With respect to Claim 14, *Tealdi* discloses a third party service provider as a title company at para. 42.

With respect to Claim 15-16, see the discussion of Claims 1, 8 and 22.

Regarding Claim 17, see the discussion of Claim 1 and *Vidali* discloses at Fig. 10 "Blackwell Construction, Structural and Mechanical Inspection" (engineering).

With respect to Claim 18, see the discussion of Claims 15 and 4.

As to Claims 19-21, see the discussion of Claims 15 and 5 and 6.

As to Claims 22 and 24, which are essentially identical, *Tealdi* discloses the invention substantially as claimed including in a method of processing a commercial loan (Abstract) comprising the steps of:

compiling borrower information (para. 17-35);

compiling lender information (para 103-110; Fig. 7);

providing a selection of applicable loan programs (Fig. 6, ele. 670; para. 147);

entering an expedited loan process (para. 155; Fig. 14, "Start");

generating a signed loan application (paras. A9-35 and 171-172; signing is inherent to complete a loan application);

generating a loan document (171-172);

clearing title through a title company (clear title from title report at paras. 4, 37 and 42 is inherent to closing disclosed as below; lender would not settle with unclear title) ;

generating an appraisal with third-party services (para. 42);

operating said production team, closing team, title company, and third-party services in parallel to process the commercial loan; and

closing the commercial loan (para. 53).

Tealdi does not specifically disclose that the teams are distinct for loan production and closing. However, the claim language does not recite a limitation of separate teams. In this sense, the processor which performs the function of these "teams" is unitary, but still reads on the Claim limitation. Further, it would further have been obvious to one of ordinary skill in the art at the time of the invention to specifically provide concurrent operation of all tasks by third party service providers because this would have produced a more rapid closing of the loan. See the discussion of Claims 1, 8 and 22 regarding such rapid processing.

Regarding Claim 23, see the discussion of Claims 22 and 8.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles Kyle whose telephone number is (571) 272-6746. The examiner can normally be reached on 6:30 to 3:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (571) 272-6747. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

crk
June 9, 2005

Examiner Charles Kyle